

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 03-0009

(Consolidated With Docket Nos. 02-0798 and 03-0008)

REHEARING TESTIMONY

OF

GARY S. WEISS

SUBMITTED ON BEHALF

OF

UNION ELECTRIC COMPANY,

d/b/a AmerenUE

March 2004

OFFICIAL FILE

AmerenUE

03-0009

35.0 Revised

3/2/04

Case

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UNION ELECTRIC COMPANY,

d/b/a AmerenUE

Q. Please state your name and business address.

A. My name is Gary S. Weiss. My business address is One Ameren Plaza,
1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. By whom are you employed and in what position?

A. I am employed by Ameren Services Company as Director Regulatory
Accounting and Depreciation in the Controllers' Function.

**Q. What is your educational background, your work experience and duties
of your position?**

A. The attached AmerenUE Exhibit No. 35.1 summarizes my educational
background, work experience and the duties of my position.

Q. What is the purpose of your rehearing testimony?

A. The purpose of my rehearing testimony is to provide the AmerenUE Illinois
gas post-test year capital additions through November 30, 2003 and the AmerenUE Illinois
gas total accumulated depreciation reserve increase from the end of the test year (June 2002)

23 through November 30, 2003 as directed in the Commission's Order to Grant in Part and
24 Deny In Part the Petition for Rehearing of the Ameren Companies dated December 9, 2003
25 ("Order on Rehearing").

26 **Q. The Commission's Order on Rehearing directs that the post-test year**
27 **capital additions and accumulated depreciation be provided through November 27,**
28 **2003. Why are you providing these amounts through November 30, 2003?**

29 **A.** The books and records of the Company are maintained on a calendar month
30 basis. The requested amounts are not available as of November 27, 2003 but are available as
31 of November 30, 2003. During the status hearing held on December 18, 2003 the
32 Administrative Law Judges and the parties agreed to use the November 30, 2003 date for the
33 post test-year capital additions and the total accumulated depreciation.

34 **Q. What issues are you addressing in this testimony?**

35 **A.** As directed by the ALJs, I will address the AmerenUE Illinois gas major post-
36 test year capital additions, provide the increase in the total accumulated depreciation and the
37 adjustment to the depreciation expense for the post-test year capital additions. Finally, I will
38 address the changes required in Appendix B of the Commission's Order in ICC Docket Nos.
39 02-0798, 03-0008 and 03-0009 (Consolidated) to reflect the major post-test year capital
40 additions and the increase in the total accumulated depreciation.

41 **Q. Please describe the AmerenUE Illinois gas major post-test year capital**
42 **additions.**

43 **A.** AmerenUE's Illinois gas operations had three major capital projects occurring
44 during the test year for this case which continued during the period between the end of the
45 test year and November 30, 2003. These three projects involved the replacement of cast iron

46 and steel gas mains and the replacement of the related service lines in Alton, Illinois. The
47 details of these projects were provided to the ICC Staff and other parties for review earlier in
48 this case. The estimated post-test year capital additions resulting from these projects were
49 included through December 31, 2002 in the Company's original filing.

50 **Q. What were the AmerenUE Illinois gas actual post-test year capital**
51 **additions for these projects through November 30, 2003?**

52 **A.** The total actual post-test year capital expenditures for these three major
53 projects for the period July 1, 2002 through November 30, 2003 as shown on AmerenUE
54 Exhibit No. 35.2 were \$1,900,000.

55 **Q. What has been the increase in the AmerenUE Illinois gas total**
56 **accumulated depreciation from the end of the test year through November 30, 2003?**

57 **A.** AmerenUE Exhibit No. 35.3 Revised shows that the AmerenUE Illinois gas
58 total accumulated depreciation at June 30, 2002 was \$15,921,000 while the total accumulated
59 depreciation at November 30, 2003 was \$16,472,000. This is an increase in the AmerenUE
60 Illinois gas total accumulated depreciation of \$551,000.

61 **Q. What is the additional depreciation expense applicable to the post-test**
62 **year capital additions?**

63 **A.** The additional depreciation expense applicable to the \$1,900,000 of post-test
64 capital additions is \$46,000 and is calculated on AmerenUE Exhibit No. 35.4.

65 **Q. Are there any other cost of service items that are impacted by the**
66 **inclusion of these post-test year capital additions?**

67 **A.** Yes, since the rate base is changed by these post-test year capital additions,
68 the interest synchronization and the return on rate base are impacted.

69 **Q. What changes to Appendix B attached to the Commission's Order in ICC**
70 **Docket Nos. 02-0798 , 03-0008 and 03-0009 (Consolidated) dated October 22, 2003 are**
71 **required to reflect the changes required by the Commission's Order on Rehearing?**

72 **A. The following changes are required to Appendix B attached to the**
73 **Commission's Order in ICC Dockets Nos. 02-0798, 03-0008 and 03-0009 (Consolidated):**

74 The adjustments to Rate Base shown on Column (B) Plant in Service (AG Ex.
75 1.0 Sch. B) of Appendix B Schedule 4 on Line 1 Gross Plant in Service the \$(1,420) should
76 be changed to \$(414) and on Line 2 the Accumulated Depreciation should be changed from
77 \$(53) to \$(495). These same adjustments should be made to Column (C) Adjustments
78 (Appendix B Sch.4) on Appendix B Schedule 3.

79 The adjustments to Operating Income shown on Column (B) Interest
80 Synchronization (Per Order) of Appendix B Schedule 2 Page 1 of 2 on Line 21 State Income
81 Tax the \$(1) should be changed to \$(2) and on Line 22 Federal Income Tax the \$(6) should
82 be changed to \$(11).

83 The adjustments to Operating Income shown on Column (O) Depreciation
84 Expense on Plant in Service of Appendix B Schedule 2 Page 2 of 2 on Line 16 the \$(34)
85 should be changed to \$(10), on Line 21 the \$2 is changed to \$1 and on Line 22 the \$11
86 should be changed to \$3.

87 The above adjustments to the Rate Base and Operating Income should then
88 flow into Appendix B Schedule 1 to arrive at the Net Operating Income and Revenue Change
89 reflecting the proper amount of AmerenUE's Illinois gas post-test year major capital
90 additions and the increases in the total accumulated depreciation through November 30,
91 2003.

92 See AmerenUE Exhibit No. 35.5 Revised for the calculation of the above
93 changes.

94 **Q. Does this conclude your rehearing testimony?**

95 **A. Yes, it does.**

QUALIFICATIONS OF GARY S. WEISS

My name is Gary S. Weiss and my business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, MO 63103. I reside in St. Louis County, Missouri.

My educational background consists of a Bachelor of Science Degree in Business Management from Southwest Missouri State University received in 1968 and a Masters in Business Administration from Southern Illinois University at Edwardsville received in 1977.

I was employed by Union Electric Company in June of 1968 and was employed continuously until January 1, 1998, except for a two-year tour of duty with the United States Army. Effective with the merger of Union Electric Company and Central Illinois Public Service Company into the Ameren Corporation, I assumed employment with Ameren Services. My work experience started at Union Electric as an Accountant in the Controller's function. I worked as an accountant in the Internal Audit Department, General Accounting Department, and Property Accounting Department from 1968 through 1973. In 1974 I was promoted to a Senior Accountant in the Internal Audit Department. In 1976 I was promoted to Supervisor in the Rate Accounting Department. The Rate Accounting Department was combined with the Plant Accounting Department in 1990 to form the Plant and Regulatory Accounting Department. In December 1998 I and the Regulatory Accounting Section were moved to the Financial Communications Department. Starting in October 2001 I was made a direct report to the Controller. Effective February 16, 2003, I was promoted to Director Regulatory Accounting and Depreciation.

My duties as Director Regulatory Accounting and Depreciation include preparing cost of service studies by type of utility and regulatory jurisdiction and developing accounting exhibits and testimony for use in applications for rate changes for AmerenCILCO, AmerenCIPS and AmerenUE. I provide assistance to the Controller regarding (1) rate case and regulatory accounting, (2) the need for and the timing of rate changes, and (3) the effect on financial forecasts of proposed rate changes. I conduct studies to determine the effect on filed tariffs and operating income of various accounting policies and practices, analyze the results and suggest appropriate rate changes. I prepare regularly required reports and exhibits for the various regulatory commissions. I provide data, answer inquiries, arrange meetings, and otherwise assist representatives of regulatory commissions in conducting their audits and reviews. I am also responsible for filing various reports and requests with the Securities and Exchange Commission. In addition I oversee the Company's depreciation accounting and the Service Request operations of Ameren Services.

I have submitted testimony concerning cost of service before the Missouri Public Service Commission, the Illinois Commerce Commission, the Iowa State Commerce Commission, and the Federal Energy Regulatory Commission. I have also provided anti-trust testimony before the Federal Court.

AmerenUE
MAJOR POST-TEST YEAR PLANT ADDITIONS
ILLINOIS GAS OPERATIONS
JULY 1, 2002 THROUGH NOVEMBER 30, 2003
(\$000)

<u>Line</u>	<u>PROJECT</u>	<u>EXPENDITURES</u>
1	11975	\$ 18
2	11976	1,017
3	11977	865
4		<u>\$ 1,900</u>

AmerenUE
RESERVES FOR DEPRECIATION AND AMORTIZATION BY FUNCTIONAL CLASSIFICATION
ILLINOIS GAS OPERATIONS
AT JUNE 30, 2002
(\$000)

<u>Line</u>		<u>Total Per Books AT 6/30/02</u>	<u>Total Per Books AT 11/30/03</u>	<u>Increase</u>
1	Production Plant	\$ 794	\$ 794	\$ -
2	Transmission Plant	-	-	-
3	Distribution Plant	13,933	14,419	486
4	General Plant	729	794	65
5	Joint Use Plant	465	465	-
6	Total	<u>\$ 15,921</u>	<u>\$ 16,472</u>	<u>\$ 551</u>

AmerenUE
DEPRECIATION EXPENSE ON MAJOR POST-TEST YEAR PLANT ADDITIONS
ILLINOIS GAS OPERATIONS
NOVEMBER 30, 2003
(\$000)

<u>Line</u>		<u>EXPENSE</u>
1	Major Post-Test Year Capital Additions	\$ 1,900
2	Composite Depreciation Rate (1)	2.42%
3	Depreciation Expense	<u>\$ 46</u>

(1) Depreciation Rate of 2.42% Per AG Exhibit 1.0P Schedule B-1.

AmerenUE
ILLINOIS GAS OPERATIONS
ADJUSTMENTS REQUIRED TO APPENDIX B IN COMMISSION'S ORDER IN
DOCKETS NOS. 02-0798, 03-0008 AND 03-0009 (CONSOLIDATED)
TO REFLECT COMMISSION'S ORDER TO GRANT IN PART AND DENY IN PART
THE PETITION FOR REHEARING OF THE AMEREN COMPANIES
(\$000)

Line	Amount
1	Revised Adjustment to Plant In Service (Rate Base Appendix B Schedules 3 & 4)
2	Company's Filed Pro Forma Distribution Plant \$ 29,007
3	Revised Allowed Pro Forma Distribution Plant (1) 28,593
4	Reduction to Plant \$ (414)
5	Adjustment to Plant Per Order in Docket No. 03-0009 \$ (1,420)
6	Revised Adjustment to Accumulated Depreciation Reserve (Rate Base Appendix B Schedules 3 & 4)
7	Company's Filed Pro Forma Total Accumulated Depreciation Reserve (Per AmerenUE Exhibit No. 5.5) \$ (15,977)
8	Actual Total Accumulated Depreciation Reserve Balance at November 30, 2003. (15,472)
9	Increased Accumulated Depreciation Reserve \$ (485)
10	Adjustment to Accumulated Depreciation Reserve Per Order in Docket No. 03-0009 \$ (53)
11	Revised Adjustment to Depreciation Expense (Operating Income Appendix B Schedule 2)
12	Pro Forma Adjustment to Depreciation Expense Per Order in Docket No. 03-0009 (\$-1,420*2.42%) (2) \$ (34)
13	Revised Adjustment to Depreciation Required to Reflect Rehearing (\$-414*2.42%) (10)
14	Increase in Depreciation Expense Required to Reflect Rehearing \$ 24
15	Revised Adjustment to Interest Synchronization (Operating Income Appendix B Schedule 2)
16	Interest Synchronization Per Filing \$ 371
17	Interest Synchronization Per Order in Docket No. 03-0009 (\$14,949 * 2.59%) 387
18	Interest Synchronization Revised to Reflect Rehearing (\$15,513 * 2.59%) 402
19	Adjustment to Income Taxes Per Order in Docket No. 03-0009 \$ (7)
20	Adjustment to Income Taxes to Reflect Rehearing (\$402-371=\$31*7.3+\$31*.35) (13)
21	Additional Income Tax Reduction to Reflect Rehearing \$ (6)
22	(1) Revised Pro Forma Distribution Plant
23	Distribution Plant Per Books at June 30, 2002 Per AmerenUE Exhibit No. 5.3 \$ 26,693
24	Expenditures on Major Projects for July 1, 2002 through November 30, 2003 1,900
25	Revised Pro Forma Distribution Plant \$ 28,593
26	(2) Depreciation Rate of 2.42% Per AG Exhibit 1.0P Schedule B-1